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1. Negotiations are currently taking place in Moscow with regard to the program for the administrative unification of the satellite states, with I. M. Kaganovich of the Politburo in charge. Representatives of the Soviet Ministries of Finance, Health and Education are taking part, together with delegates and officials from Czechoslovakia, Poland, Hungary, Bulgaria and Rumania. There is a strong delegation from East Germany, headed by Dr. Lothar Bode, Deputy Prime Minister.
2. The proposals under advisement are for the complete amalgamation of the European Soviet bloc. They include the practical abolition of national frontiers between the satellite states. They brought especial consternation @ the representatives of the Czech and Polish Governments, Dr. Janacek Dolansky, Czech Deputy Premier, and Stefan Jedrychowski, Polish Deputy Premier, respectively.
3. The Czechoslovakian and Polish Governments also vehemently opposed plans to transfer masses of German workers to industrial districts in Sudetenland and Upper and Lower Silesia, where there is a current manpower shortage.
4. The acceptance of Soviet plans for administrative unification of satellite states, including East Germany, could easily make such transfers possible without further consent on the part of the Czech or Polish Governments.
5. The reluctance of the Hungarian Government to accept the sweeping Soviet proposals was expressed by Hungarian delegate Imre Nagy, Minister of Food. The Hungarian Government, backed by Czechoslovakia, is also reluctant to accept a proposal for currency reform on the Rumanian pattern, on the ground

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that it would be unfair to the workers and would arouse them against the Communist régime. The acceptance of the Soviet administrative proposals could make such a currency reform possible without the consent of the Hungarian Government. Nagy expressed his fear that an internal crisis in the Hungarian Communist Party would be produced, endangering the stability of the régime during the harvest period.

6. Objections were put forward by all the satellite representatives to any further Russification of police and education among the satellite states. The grounds for these objections were the difficulty of forcing the population, already fully occupied with intensive building programs, to learn Russian so quickly as would be necessary for contacts with police and school officials.
7. It is expected that Hilary Minc in Poland, Mátyás Rákosi in Hungary, and Klement Gottwald in Czechoslovakia will be held responsible by Moscow for the delays to be expected in achieving the desired administrative unification.

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